

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS JUNE 30, 2004

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS

June 30, 2004

Balance Sheet:

Other Receivables: Due From Credit Unions — of \$.3 million represents the remaining amount of one percent deposit adjustments due from credit unions.

Other Receivables: Loans Due to NCUSIF — increased by \$.9 million due to new receivables established by AMAC from the liquidation of one credit union and the purchase and assumption of another credit union.

Interest Receivable — net increase of \$9.3 million is due to a combination of \$18.6 million in accrued interest earned in June and payments of \$9.2 million received by the NCUSIF in June.

Prepaid & Deferred Charges — is \$.5 million for June. \$7.5 million was transferred to the operating fund to cover 59.8% of the agency's operating costs. June's actual operating costs were \$7.0 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$86.9 million includes new reserves of \$1.7 million that were added for June.

NCUSIF Equity — decreased to 1.24% for June. The equity ratio is based upon an estimated insured share base of \$497.7 billion for June 30, 2004.

Statement of Revenue and Expense:

Investment Income — is approximately \$688 thousand less than the previous month due to one less calendar day in June for which interest was accrued.

NCUSIF Total Operating Expense — of \$7.1 million includes \$141.2 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$1.7 million for June. This increase is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
JUNE 30, 2004

ASSETS	JUNE 2003	MAY 2004	JUNE 2004
Investments:			
U.S. Government Securities	\$5,766,551,850.12	\$6,169,033,837.03	\$6,162,108,178.43
Advances to Credit Unions:			
NCUSIF Subordinated Notes	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	6,499,515.21	2,318,763.40	266,790.55
Loans due to NCUSIF	1,711,419.24	3,612,840.96	4,495,917.94
Recoveries from Liq. CU	14,623,567.26	18,334,724.40	14,641,768.40
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Total Other Receivables	22,834,501.71	24,266,328.76	19,404,476.89
Cash	25,141.29	31,475.38	3,284.03
Interest Receivable	51,306,482.58	44,392,198.56	53,729,414.00
Prepaid & Deferred Charges	577,172.04	1,711,617.17	495,805.59
Leased Assets	1,059,612.52	758,467.64	723,941.07
Other	27,185,119.60	25,927,792.42	25,815,947.63
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TOTAL ASSETS	\$5,869,539,879.86	\$6,266,121,716.96	\$6,262,281,047.64
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$9,406,819.07	\$16,087,930.06	\$13,316,051.35
Other	395,740.45	4,269.74	174,941.44
Check Clearing Accounts	5,609.57	3,109.49	2,453.03
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	9,808,169.09	16,095,309.29	13,493,445.82
Provision for CU Losses (Reserves)	58,833,201.34	87,622,790.84	86,909,407.25
Lease Liabilities	1,139,270.22	730,318.26	731,374.48
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TOTAL LIABILITIES	\$69,780,640.65	\$104,448,418.39	\$101,134,227.55
EQUITY			
CU Contributed Capital	\$4,430,859,655.27	\$4,781,676,365.00	\$4,779,763,357.64
Retained Earnings	1,368,899,583.94	1,379,996,933.57	1,381,383,462.45
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TOTAL EQUITY	\$5,799,759,239.21	\$6,161,673,298.57	\$6,161,146,820.09
TOTAL LIABILITIES & EQUITY	\$5,869,539,879.86	\$6,266,121,716.96	\$6,262,281,047.64
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending June 30, 2004

	JUN 03	MAY 04	JUN 04
1. Investments/Total Assets	98.25%	98.45%	98.40%
2. Total Equity/Insured Shares	1.22%	1.29%	1.24%
3. Prov. for Losses/CU Capital	1.33%	1.83%	1.82%
4. Non-Earning/Total Assets	1.29%	1.14%	1.19%
5. Available Asset Ratio	1.22%	1.26%	1.21%

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING JUNE 30, 2004

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	CY TO DATE 2004	CY TO DATE BUDGETED 2004	CY TO DATE 2003
Investment Income	\$10,176,603.08	\$10,500,000.00	\$61,468,945.82	\$63,000,000.00	\$84,169,644.97
Other Income	42,334.07	40,000.00	262,800.98	240,000.00	438,110.58
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Total Income	10,218,937.15	10,540,000.00	61,731,746.80	63,240,000.00	84,607,755.55
EXPENSE					
Employee Pay	4,128,053.03	4,444,275.97	\$24,410,423.39	26,268,957.43	26,234,616.65
Employee Benefits	1,028,039.73	1,135,856.87	\$6,177,426.81	6,718,754.74	6,153,591.62
Employee Travel	690,763.03	672,360.08	\$2,899,824.45	4,034,160.47	2,818,406.64
Rent/Communications/Utilities	142,864.89	221,527.24	\$1,284,875.71	1,329,163.46	1,245,747.92
Administrative Costs	600,374.95	630,663.32	\$2,511,321.09	3,783,979.95	2,689,599.66
Contracted Services	414,098.78	407,798.61	\$1,472,521.38	2,446,791.64	1,244,194.11
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Subtotal NCUA Operating Exp.	7,004,194.41	7,512,482.09	38,756,392.83	44,581,807.69	40,386,156.60
AMAC Expense	(7,091.83)	15,000.00	29,804.47	90,000.00	26,304.24
Training Expense	109,579.01	110,000.00	456,970.69	660,000.00	692,452.88
Leasing Expense	35,582.79	35,250.00	213,322.14	211,500.00	338,163.24
Other Insurance Expense	3,082.22	3,500.00	17,572.30	21,000.00	101,758.45
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Total Operating Exp.	7,145,346.60	7,676,232.09	39,474,062.43	45,564,307.69	41,544,835.41
Insurance Loss	1,687,061.67	1,250,000.00	9,668,375.55	7,500,000.00	14,090,468.73
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Total Expense	8,832,408.27	8,926,232.09	49,142,437.98	53,064,307.69	55,635,304.14
NET INCOME	\$1,386,528.88	\$1,613,767.91	\$12,589,308.82	\$10,175,692.31	\$28,972,451.41
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Retained Earnings, Beginning of Year			\$1,368,794,153.63		\$1,339,927,132.53
Prior Year Adjustment			0.00		0.00
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As Restated			1,368,794,153.63		1,339,927,132.53
Net Income			12,589,308.82		28,972,451.41
			-----		-----
			1,381,383,462.45		1,368,899,583.94
Dividends			0.00		0.00
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Retained Earnings, End of Year			\$1,381,383,462.45		\$1,368,899,583.94
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Comparative Analysis of NCUSIF Ratios for June 30, 2004

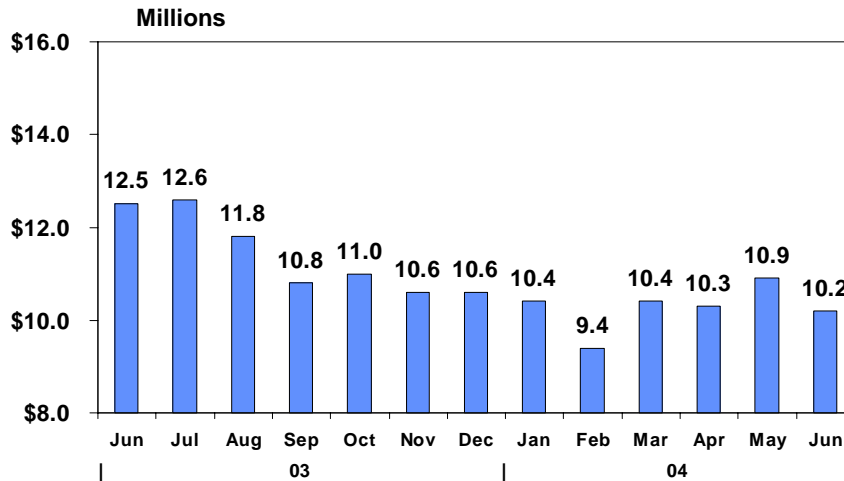
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR CYTD	CURRENT CYTD
1. Oper. Exp./Total Income	53.97%	69.92%	49.10%	63.94%
2. Ins. Loss/Total Income	36.86%	16.51%	16.65%	15.66%
3. Total Exp./Total Income	90.83%	86.43%	65.76%	79.61%
4. Net Income/Total Income	9.17%	13.57%	34.24%	20.39%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
June 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$53,500,537.73
Other income received	(2,521,697.72)
Cash paid for operating expenses	(41,596,905.55)
Net cash (paid) received for insurance losses	<u>1,926,969.09</u>
Net cash provided by operating activities	11,308,903.55
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(87,762,368.19)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>671,068.74</u>
Net cash provided by (used in) investing activities	(87,091,299.45)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	75,780,062.47
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	75,780,062.47
NET INCREASE (DECREASE) IN CASH	(2,333.43)
CASH, BEGINNING OF YEAR	5,617.46
CASH, ENDING JUNE 30, 2004	<u><u>\$3,284.03</u></u>

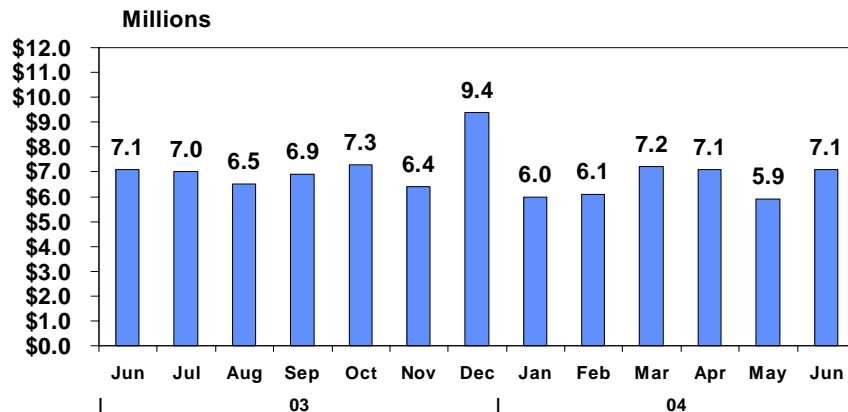
GROSS INCOME

June 03 – June 04



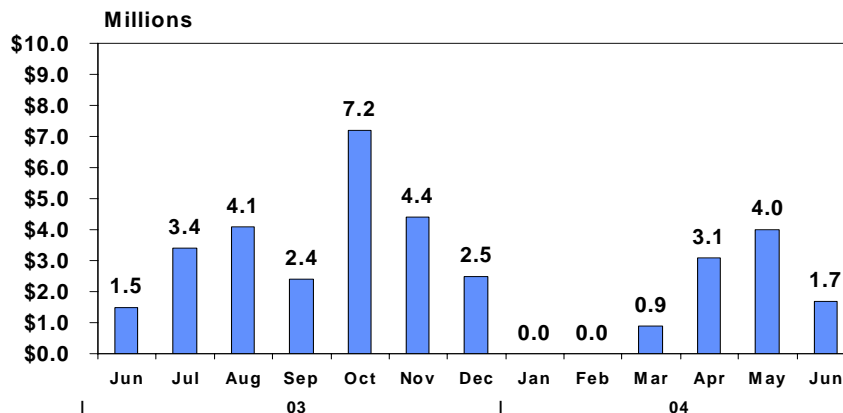
OPERATING EXPENSE

June 03 – June 04



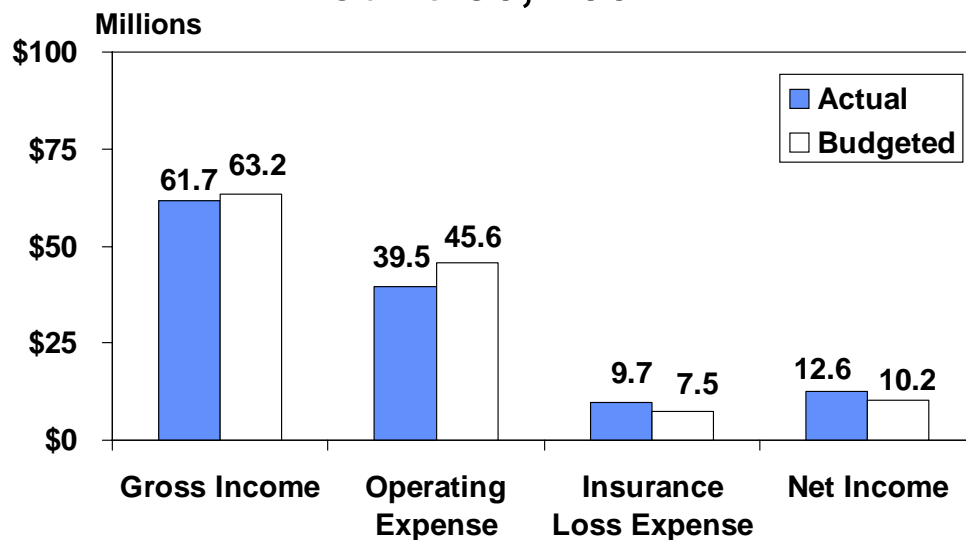
INSURANCE LOSS EXPENSE

June 03 – June 04



REVENUE AND EXPENSE

June 30, 2004



NCUSIF EQUITY RATIO

June 30, 2004

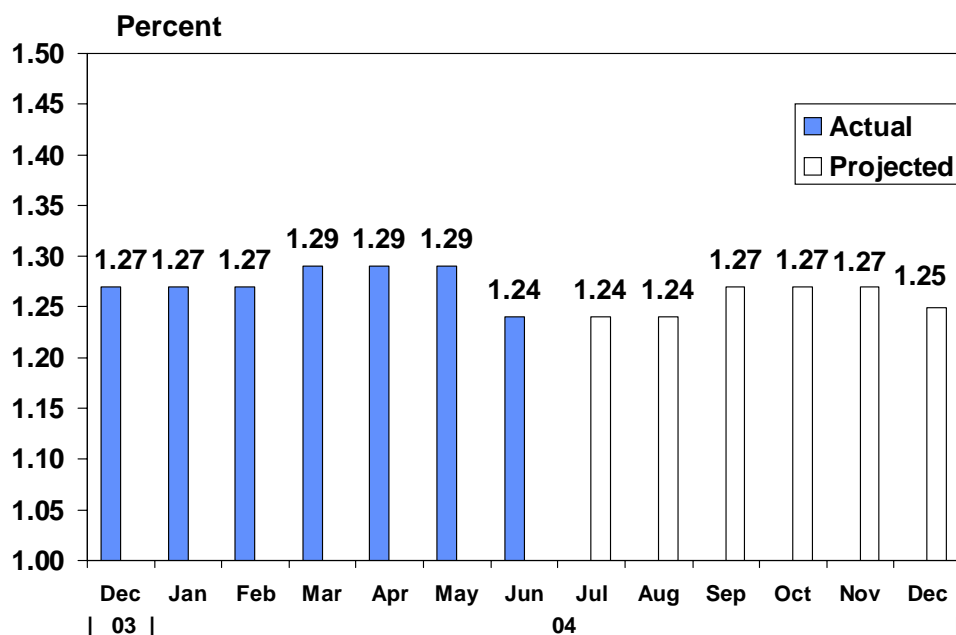
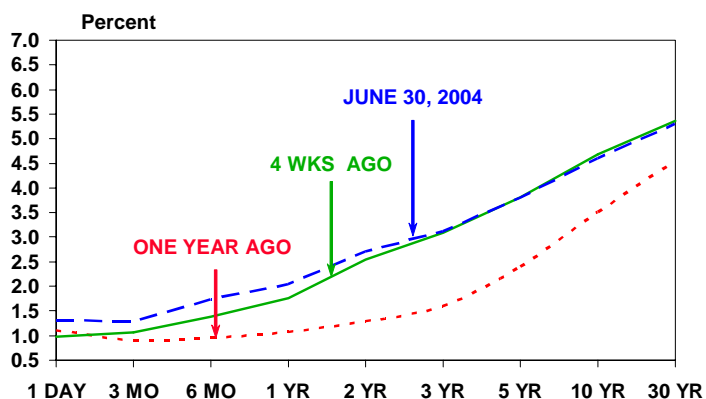


TABLE 4

INVESTMENT PORTFOLIO SUMMARYJune 30, 2004

I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$833,137,000	\$833,137,000	\$0	100.0%	1.03%
U.S. Treasury Notes	\$5,328,971,179	\$5,298,812,500	(\$30,158,679)	99.4%	2.10%
TOTAL	\$6,162,108,179	\$6,131,949,500	(\$30,158,679)	99.5%	1.98%
II. INVESTMENT PORTFOLIO PERFORMANCE					
	Last Month	Current Month	CY To Date	CY04 Projections	
Investment Yield	2.05%	1.98%	1.99%	2.00%	
Investment Income	\$10,865,051	\$10,176,603	\$61,468,946	126 Million	
Income Budgeted	\$10,500,000	\$10,500,000	\$63,000,000	126 Million	
Income/Budgeted Ratio	1.03%	96.9%	97.6%	100.00%	
Avg. Maturity in Days	484	475	448		
III. MONTHLY ACTIVITY					
Purchase	Type	Amount	Maturity	Yield	
None					
TOTAL					
IV. MATURITY SCHEDULE (par value in millions)					
3 months or less	1,633.1				
3 months - 1 year	2,000.0				
1 year - 2 years	1,300.0				
2 years - 3 years	600.0				
3 years - 4 years	500.0				
TOTAL	6,033.1				

TREASURY YIELD CURVE



MATURITY SCHEDULE

June 30, 2004

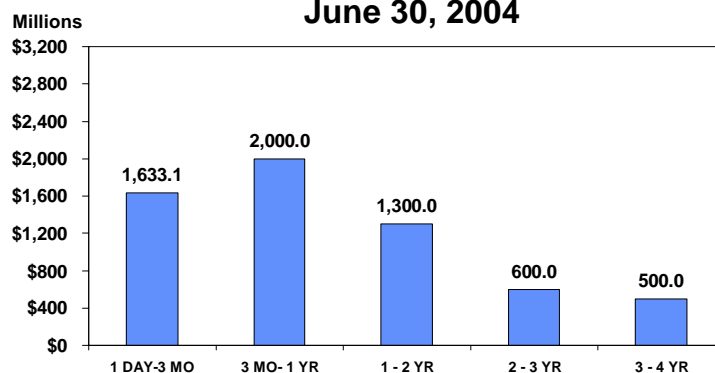


TABLE 5

INTEREST RATE COMPARISONS**June 30, 2004**

INTEREST RATE COMPARISONS								
	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04
NCUSIF Yield	2.08%	2.02%	1.98%	1.93%	1.99%	2.02%	2.05%	1.98%
90 day T-Bill	0.93%	0.93%	0.91%	0.94%	0.94%	0.97%	1.07%	1.28%
1 year T-Bill	1.38%	1.29%	1.27%	1.22%	1.20%	1.55%	1.77%	2.04%
2 year T-Note	2.07%	1.86%	1.82%	1.66%	1.59%	2.34%	2.55%	2.70%
30 year T-Note	5.14%	5.10%	4.97%	4.85%	4.79%	5.30%	5.37%	5.30%

INTEREST RATE COMPARISONS

JUNE 30, 2004

